



# Water Plan Update 2013

## Integrated Water Management Finance Plan

*Prepared for:*  
*California Water Plan Finance Caucus*



*April 28, 2011*

# Update 2013 Finance Plan

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## *Background and Purpose*



# Update 2013 Finance Plan

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## Driving the need for a statewide finance plan ....

- General Fund limitations
- Funding is a common impediment to implementation
- Lack of sustainability or stability of bond funding
- No existing statewide integrated water management investment or finance plan

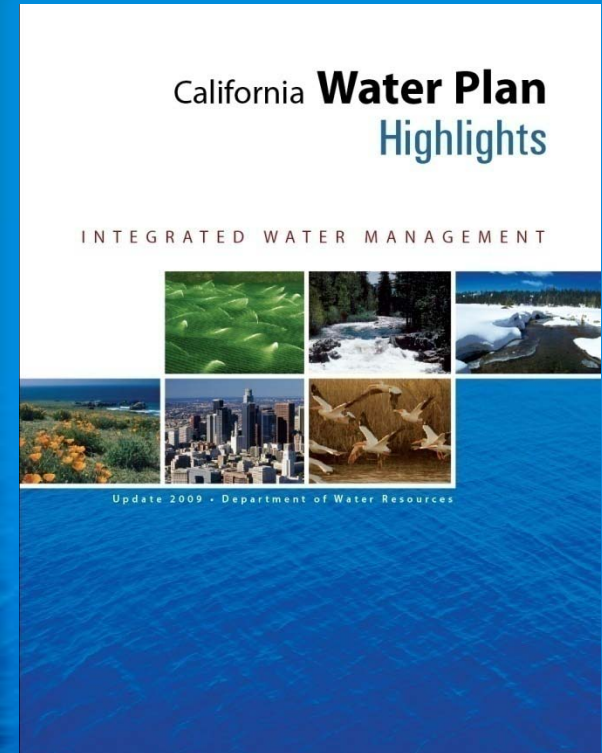
# Update 2013 Finance Plan

## *Implementing Update 2009*

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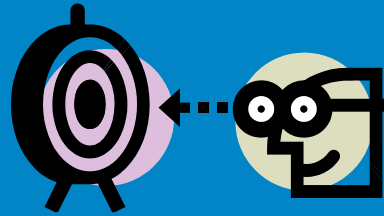
*“California needs a water finance plan with stable, continuous funding from an array of revenue sources... The finance plan should recognize the critical role of public-private partnerships and the principle of beneficiary pays; include alternative revenue sources; and guide investment decisions based on sustainability indicators”.*

California Water Plan Update 2009



# What to Expect from Update 2013 Finance Plan

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## ***OBJECTIVE:***

Identify and prioritize critical State and regional water supply, water quality, flood management and environmental stewardship actions;

report their cost, and

recommend innovative, stable, equitable and fiscally-responsible financial strategies and revenue sources



# What to Expect from Update 2013 Finance Plan

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## ***DELIVERABLES:***

- A first-of-its-kind statewide inventory/summation of all integrated water management investment plans and proposals
- Prioritized recommendations for (State) funding of integrated water management strategies and programs
- Recommendations for accompanying revenue sources
- Recommendations for resource management finance governance and accountability

# What to Expect from Update 2013 Finance Plan

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## ***PRACTICAL DECISION-SUPPORT:***

- **Effective State executive and legislative decision-support**
- **Increased implementability**
- **Menu of potential revenue sources**

# What to Expect from Update 2013 Finance Plan

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## ***MORE PRACTICAL DECISION-SUPPORT :***

- Partial to substantial consensus on certain recommendations
- Identification of areas of uncertainty or conflict that need more work
- Contingency plan for a “funding-constrained” future
- Coordinated planning of various funding needs and sources



# **Water Management Finance Proposals**

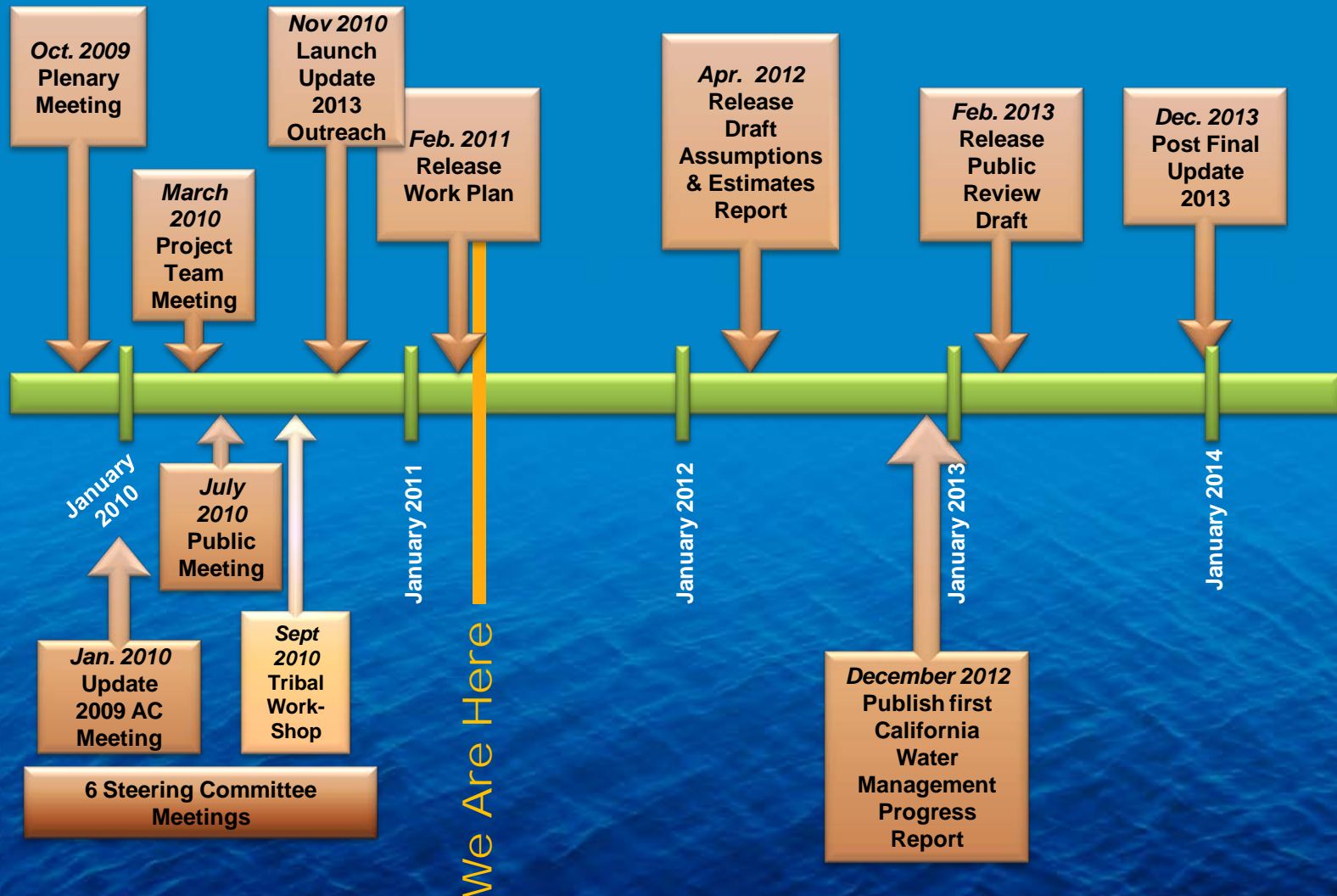
## *Why Coordinate?*

### **Partial List of Overlapping Elements:**

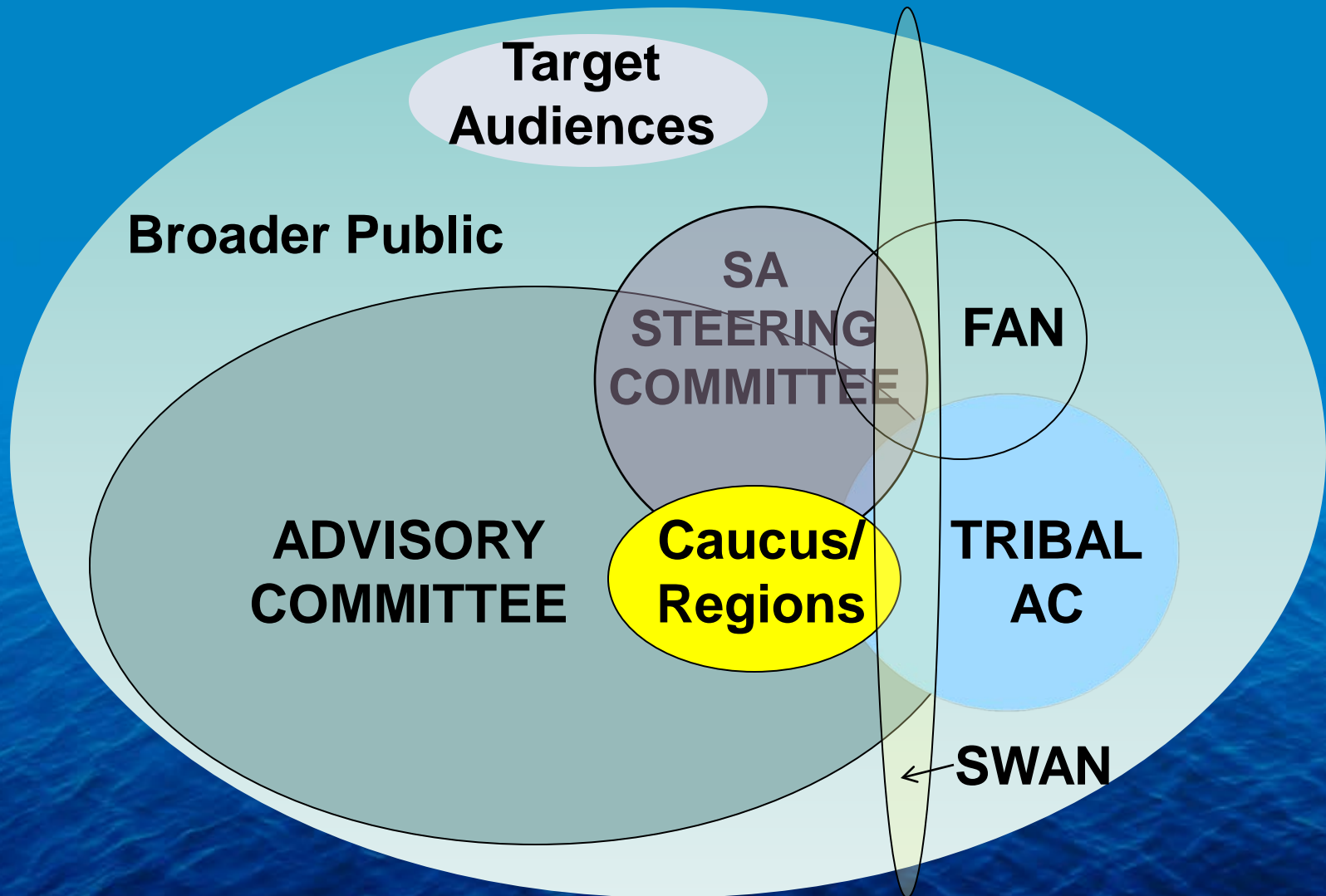
- **Resource management actions**
- **Cumulative impacts**
- **Governance**
- **Revenue sources**
- **Planning documents/processes**
- **Finance principles**
- **Priorities**

# Water Plan Update 2013

## *Timeline and Major Deliverables*



# Update 2013 Collaboration Venues





# Update 2013 Finance Plan

## *Role of Finance Caucus*

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- Statewide topic-based workgroup designed to support:
  - Coordinated finance planning in California
  - Discussions and deliberations of finance topics and issues
  - Expansion of information associated with statewide and regional integrated water planning
  - Informational updates to technical project teams, Public and Tribal Advisory Committees, and the State Agency Steering Committee

# Update 2013 Finance Plan

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## *Questions of Clarification*

# Update 2013 Finance Plan

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## *Conceptual Framework*



# **Scope of Integrated Water Management in Update 2013 Finance Plan**

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**Projects, programs or policies that  
comprehensively address:**

- Water supply**
- Water quality**
- Flood management**
- Ecosystem values and functions**

# **Update 2013 Finance Plan**

## **Key Components**

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- **Update 2013 Finance Plan Guiding Principles**
- **Estimated Integrated Water Management Costs through 2050**
- **Funding Priorities or Criteria**
- **Existing and New Funding Sources**
- **Cost/benefit Allocation**
- **Contingency Recommendations in the event of severe and sustained funding constraints**
- **Governance, Accountability & Appropriation**

# Update 2013 Finance Plan

## *Guiding Principles*

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### Potential guiding principle topics:

- Economic efficiency
- Beneficiary pays
- Co-equal goals
- Accountability
- Assurances
- Underserved communities
- Regional proportioning of funding
- State investment in public benefits
- Other





# Update 2013 Finance Plan

*Estimated Integrated Water Management Costs Through 2050*

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## Areas of potential IWM costs:

- 27 Resource Management Strategies
- Federal, Tribal, State, Regional, and Local planning strategies
- Other funding proposals with water supply, water quality, flood management, environmental stewardship or natural resource nexus



# Update 2013 Finance Plan

## *Funding Priorities*

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### Existing priorities derived from:

- CWP Regional Reports (*including IRWMPs*)
- State integrated water management finance plans
- Federal, Tribal , Regional and Local plans
- CWP Update 2013 Companion Plans
- Strategic Growth Council Plan
- AB 32 Scoping Plan
- Other



# Update 2013 Finance Plan

## *Criteria For Prioritizing State Investment*

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### Potential Topics for Priority Setting

- Water and energy nexus
- Economic efficiency
- Sustainability
- Co-equal goals
- Other





# Update 2013 Finance Plan

## *Funding Sources*

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### Examples of potential funding sources:

- G.O. bonds
- User fees
- Revenue bonds
- Federal funding
- Licensure
- Private funding
- Other



# Update 2013 Finance Plan

## *Cost/Benefit Allocation*

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### Potential Allocation Methods:

- Beneficiary pays
- Stressor pays
- **Public benefits**
- Cost sharing alternatives and criteria
- Other



# Update 2013 Finance Plan

## *Funding-Constrained Contingency Recommendations*

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### Utility of Funding-Constrained Finance Recommendations:

- An assumption of a generation or more of very limited funding changes the criteria for setting priorities
- Capital-minimization finance plan
- Consequences/trade-offs of a sustained triage-based priorities
- Inform decisions under plausible future conditions





# Update 2013 Finance Plan

## *Governance, Accountability and Appropriation*

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### Example topics for consideration:



- Awarding of state financial assistance
- Continuous appropriation of potential revenue sources (*cited in preceding slides*)
- Audit processes
- One fund with multiple endowments

# **Update 2013 Finance Plan**

## ***Today's Discussion Topics***

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- 1) Review of Finance Caucus Charter**
- 2) Joint development of Update 2013 Finance Guiding Principles**
- 3) Homework assignment (*Worksheet handout*)**
  - Allocation of Costs**
  - Sources of Revenue**
  - Funding Criteria**
  - Definition Building**

# Update 2013 Finance Plan

## *Next Steps*

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- Begin drafting narrative for framework and key components (*worksheets due May 19th*)
- Next Caucus meeting scheduled for May 19th
- Emphasis on Finance in Water Plan Venues Through Summer 2011

